

APPROVED DECEMBER 9, 2009

At 7:25 PM Chairman Charles Kimball called the meeting to order. Budget Committee members present were Charles Kimball, Andy Kohlhofer, Michael Nygren, Pat Martel, Peg Pinkham, Sue D'Eon, Selectmen Greta St. Germain. Also present were Town Administrator Heidi Carlson, Ida Keane School Board Representative and Recording Secretary Jeanne Nygren.

A motion to approve the minutes of the November 18, 2009 minutes was made by Pinkham. This was seconded by Nygren. The vote was unanimous 7-0.

The Budget Committee then proceeded to review a few of the budgets that are left for their recommendations.

4155-PERSONNEL ADMINISTRATION

The increase to this budget is the 22% rise in insurance cost by the Towns health insurance carrier for full time employees. St. Germain explained that the Selectmen had selected another plan with a higher deductible and co-pays, in an effort to reduce costs and this brought the premium increase to 17% over 2009 amount.

A motion was made by Pinkham to accept the Selectmen's recommendation of \$238,573.00. A discussion then pursued regarding the buy out offer that the Town has for eligible employees and Nygren questioned why this is done and feels this is a poor policy. Pinkham said that the School Board also had similar discussions regarding this insurance benefit versus as it gives the employee the option to choose single plans rather than having to pay for two family medical plans for employees. St. Germain had also questioned this buy out and why we needed to do this. She is in the process of doing some research on this as to what other Towns provide their employees.

The motion that Pinkham had made prior was then seconded by Kohlhofer. The vote was unanimous 7-0.

4312-HIGHWAY DEPARTMENT

The Highway budget was left for the Budget Committee by the Town Administrator Heidi Carlson. Nygren started to discuss an issue he had with \$120,000.00 that has been carried in the Winter Equipment Hire 4312-003 line. He stated that the within current Budget Committee, there are three people present that were on the Committee in 2008. This budget line for equipment hire was \$90,000 that included raises for contract people for the winter. In January/February 2009 there was a lot of snow and Holmes went before Town at the annual Town Meeting. He stated he needed an additional \$30,000 for winter equipment hire due to this year's snow fall amount. The actual approval was \$120,000. for that year's budget. When he came in the next year this figure was left at \$120,000.00 and not reduced back to the \$90,000.00. The Budget Committee, when reviewing this budget, missed this increase and the budgeted amount should have been at a regular winter season. Nygren feels that this figure if kept in the budget line will be usually spent. His reasoning rather than \$116,000 for equipment hire this should be kept at \$90,000.00 and if the Town has a bad winter season and needs an increase, then he can ask again at Deliberative Session. Pinkham understands what

he is saying, but she doesn't think Holmes over expends what he has in the year budget figure. Nygren said this budget needs to be rationalized as to how he gets his figures, and when he has been asked questions regarding this in the past, he refuses giving a logical answer to the Budget Committee and has threatened to leave.

Martel said because of the lack of substantiating his increases and that he is using the same equipment, she feels the increase needs to be accountable when asked by the Committee.

A discussion then pursued regarding nepotism usage by the Road Agent. Pinkham wanted a definition of nepotism and she went on supporting Holmes for the work he does in the Town.

St. Germain defined nepotism for the Committee. Kohlhofer then asked if bids for winter hire have ever been put out for contracting in snow removal for equipment rental. He said none of the Budget Committee feels the Road Agent doesn't do a good job; they just wanted their questions answered with a logical explanation.

Martel said that as a Department Head the Road Agent should be responsible to present his own budget to the Town. Pinkham thought he may have been antagonized by the Committee. Pinkham asked for a group of questions to be prepared that needed to be answered by the Road Agent from the Budget Committee. Martel said that is no excuse as he still has a responsibility to the Committee as all other Department Heads have come forth with their budgets whether they liked it or not.

Pinkham looks at the individual and how lines are overspent and said anything can be cut. She will support whatever the Budget Committee wants to support, but needs to recognize the issues that may arise by restricting budgets.

Town Administrator Heidi Carlson came into the meeting at 8:20 PM.

A motion was made by Kohlhofer to reduce 4312-003 Winter Equipment Hire to \$110,000. This was seconded by Martel. Before the vote a discussion regarding this figure pursued. Martel amended the original motion to reduce this line 4312-003 to \$100,000. This was seconded by Pinkham. The vote on the amended motion was 5-2. The nays were D'Eon and Kohlhofer.

A question arose on the Summer Equipment hire line 4312-006 and why was this reduced so much by the Selectmen. St. Germain said that the Selectmen felt they could tighten up in this area. Carlson said a lot of this is backhoe rental. The cost to the Town to purchase a piece of equipment has been discussed in the past, and needs to be investigated. St. Germain has the proposals for purchasing a back hoe. Pinkham said an analysis was asked for by the Committee, but this information was not obtained. Carlson said the initial purchasing of a backhoe is substantial and is probably between \$73-\$85,000, but this is putting the cart before the horse as there is no place for storage for equipment. There are funds in the Capitol Reserve for equipment as well as funds for a building. To take this next step would be a substantial capital outlay by the Town. To make this conversion they would need data gathering to be done. St. Germain said she would like to think into the future and maybe some type of equipment for the Highway Department may need to be done or the Town gets prepared for this change. Kohlhofer said you also have to consider the maintenance and

housing. D'Eon asked about the charge of rental vs using of the Road Agents backhoe and she thought it would be cheaper to rent rather than purchase.

Nygren said maybe you are not there yet, but taking the hours used over the past year and comparing would be needed to be done. The basic usage for equipment hire is the backhoe. If we bought a backhoe we would not have to use it for 500 hours a year, you may only have 200 hours during the winter and 200-300 for the summer. To purchase these pieces of equipment they are sold by numbers of hours used not by mileage. When we do have the equipment we need to substantiate having another person working and they are paid for by the Town you may pay \$30,000 to an employee to run this equipment with benefits and that is 1/3 of the cost of the backhoe that we pay under equipment hire. At some time the Town will have to decide if they need to make a move rather than continually spending \$200,000 in equipment hire. He said Holmes does a good job, but as a Town we have to progress from the fact that we are continually spending money and have nothing to show for it at the end of the year.

Kohlhofer talked about the shed and that in purchasing equipment you have to also consider capital depreciation, cost of running and the maintenance. Pinkham said this is the third year we have asked for an analysis and do we need to bring in a consultant for a professional analysis. Kohlhofer wants the Selectmen to appoint a Committee to look at the cost for owning equipment (truck, backhoe) to cover maintenance, operation and depreciation verses what we pay out for equipment rental. A motion on this study from the Budget Committee was made by Kohlhofer. This was seconded by St. Germain. The vote was unanimous 7-0.

An updated spreadsheet was copied and given to the Budget Committee of all the hours used in equipment hire for the 2009 year. Martel asked what the column of \$47.00 was for what vehicle. Carlson said this is for Leon Jr. who is already being paid by the Town using Guerwood Holmes rental equipment. A discussion regarding the Town employee working as a contractor began. Nygren has an objection that he should not be a contractor and a Town employee at the same time and they have gone through this before. He feels that after driving his truck for 8 hours as a Town employee and then goes into overtime, Nygren feels he should be paid as a contractor. He is actually getting paid \$75.00 an hour when the others are getting \$65.00 an hour. This comes out to working 42 weeks a year as a Town employee and a contractor 10 weeks driving Guerwood's truck and getting \$20,000 a year in benefits. Carlson said would have to be taken to the Labor Board because he is an employee. This was changed a few years ago when Guerwood Holmes came in and met with the Selectmen and made the argument that it was hurting him more than helping him more and ended up by cutting down the rate for the truck. Kohlhofer said the other way around this is he only works 40 hours.

Carlson said after the 41st hour of work doesn't change that he still is the Town employee. Nygren said he can do this as a contractor and he can refuse to work overtime. Carlson said that an employer can not waive rights that are legally intended for an employee.

Kohlhofer asked if we are renting his truck? Carlson said yes. Nygren asked if he gets into an accident with this equipment, who is liable? Carlson said he is covered by Workers Comp of the Town.

A motion to reduce highway total budget figure grand total to \$274,190 was made by Martel and to let this go to Deliberative Session. This was seconded by Kohlhofer. The vote was 5-2, D'Eon and Pinkham nay.

Kohlhofer then motioned to request that the Selectmen look into joining with other Towns in a considering a class action suit against the State into the illegally diverting of highway funds to other State programs. Pinkham asked is there a cost factor involved with this? Kimball said there would be no cost to look into this. Kohlhofer said that constitutionally this money can only be used on Highway funding and that every year some money has been put into the General Fund to balance the State's budget. This was seconded by Martel. The vote was unanimous at 7-0. After a discussion on delegating this research program it was recommended that Kohlhofer pursue this motion.

Ida Keane asked about having that Town's Municipal Association look into taking this action by the State and maybe pick up on something because the Town is losing money.

4130-EXECUTIVE

Carlson said the only increase was the service agreement contracts by approximately \$125.00. A motion was made by Kohlhofer to increase line 4130-009 service agreements to \$2050.00. This motion was seconded by Martel. The vote was unanimous 6-0-1. Nygren abstained.

The Committee then went through the rest of the Selectmen portion of the Executive budget. A motion to approve the Selectmen's office portion of the Executive budget 4130 lines 005 through 700 for \$100,315.00 and grand total of the whole Executive budget of \$155,842.00. was made by Martel. This was seconded by Pinkham. The vote was 5-1-1. Kohlhofer nay, Nygren abstained.

There were questions sent by Kohlhofer via email regarding 4445 budget for social services. There are as follows:

4445-014 Child Advocacy Center: Why is their request increased by \$500.

4445-010 A Safe Place: How many from Fremont served?

4445-009 AHC: Do we have the audit?

4445-006 Seacoast Mental Health Center: What specifically are those programs that are not eligible for funding from the State of NH?

4445-005 Child and Family Services: I need more specifics on "Pregnancy Counseling". Does this include abortion?

Carlson asked if there were other questions for her to gather information that she would like them all at once if possible. St. Germain asked if there were questions Martel had for Holmes. Martel said no and the members agreed they would see Holmes at the Deliberative Session.

Kohlhofer then requested a five minute recess. This was seconded by D'Eon. The vote was unanimous 7-0.

The meeting was called back to order at 9:30 PM by Kimball. Carlson said there was a draft copy of the Warrant Articles that the Budget Committee needs to go through. There are still

recommendations that need to be made by the Selectmen, but the Committee can start to review this Warrant or these Warrant Articles.

Pinkham said in regards to the Committee receiving the School Budget there are still several things in the School Budget that are still out to bid so there is no finalizing of the figures.

They will have some of the numbers ready for Friday in a budget book for pick up on Friday at the SAU office. Nygren said he can pick up these books and deliver them to the Budget Committee members.

A motion to adjourn the meeting was made by Kohlhofer. This was seconded by Nygren. The vote was unanimous 7-0. The meeting ended at 9:40 PM.

The next scheduled Budget Committee meeting is December 9, 2009 at 7:00 PM.

Respectfully submitted by

Jeanne Nygren
Recording Secretary